

2011

# Designated Surveillance Area Economic Impact Statement

Montana Department of Livestock

3/1/2011

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# Executive Summary

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The Montana Department of Livestock (DOL) conducted this economic impact statement per MCA 2-4-405. This analysis assumes that without a Designated Surveillance Area (DSA), Montana producers would be subject to additional and greater testing requirements imposed as a result of a Federally required downgrade of statewide class free (disease free) status or restrictions and additional testing requirements mandated by other states. Due to the variable and unpredictable testing requirements that would be imposed on Montana cattle and domestic bison by importing states, it is impossible to estimate the cost to Montana producers for use in this document. Therefore, for this analysis DOL used the USDA published estimate that a State Class status downgrade would cost Montana producers 5.9 to 11.9 million dollars each year.

DOL identified a cost bearing class; producers located in the counties of Beaverhead, Gallatin, Madison and Park that do not Official Calfhood Vaccinate (OCV) all sexually intact female cattle and domestic bison retained for breeding. Because these animals are required to be OCV per the new administrative rule (ARM 32.3.436), an additional cost to this class is estimated to be \$37,900.

DOL also identified three benefiting classes, Montana cattle and domestic bison producers statewide, producers associated with the DSA, and veterinarians who perform testing and vaccination associated with the DSA. Montana producers statewide, benefit from the lack of unnecessary testing, which benefits this class by an estimated 5.5 to 11.5 million dollars annually. DSA associated producers benefit from reimbursement of costs associated with testing that would be required either federally or by exporting states without a DSA. This class benefits through testing and Adult Vaccination (AV) reimbursement of \$255,000 per year minus the DSA producers share of per capita fees used for the DSA program. The benefit to veterinarians is estimated to be \$255,000, minus expenses such as supplies, labor, time, shipping and laboratory charges, for reimbursement of fees associated with testing and Adult Vaccination (AV).

This analysis shows a net benefit to Montana producers of 5.5 to 11.5 million dollars annually.

# Introduction

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This analysis is in response to the request of Senator Debby Barrett that the Board of Livestock prepare a statement of the economic impact for the rule regarding the Designated Surveillance Area (DSA) per MCA 2-4-405 (see Appendix A).

Brucellosis infected wild ungulates including elk and bison pose a real and continuing risk of transmission of *Brucella abortus* to livestock in Montana. Surveillance for brucellosis in livestock in Montana's high risk area has been successful in detecting 3 brucellosis affected herds in 4 years.

Administrative Rules of Montana (ARM) 32.3.433-437 (see Appendix B) establishes the Designated Surveillance Area (DSA). The DSA is an area of increased surveillance (testing) and mitigation practices including vaccination, temporal and spacial separation of cattle and domestic bison from infected wildlife in an area in which brucellosis positive wildlife are known to exist. Due to the increased likelihood that brucellosis from infected wildlife will be transmitted to cattle and domestic bison in this area, increased surveillance and mitigation practices help to protect Montana producers from such a transmission and provides for trading partner confidence in the safety of Montana's product.

New federal regulations now require that "States or areas that have not been Class Free for 5 consecutive years or longer or that have *Brucella abortus* in wildlife must continue to conduct the same level of surveillance testing as in the past." Further, "any Class Free State or area with *Brucella abortus* in wildlife must develop and implement a brucellosis management plan approved by the administrator in order to maintain Class Free status." The implementation of a DSA in Montana fulfills this requirement and therefore protects the State and its producers from a downgrade in status.

## 2(a) A description of the classes of persons who will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;

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### **Cost bearing class:**

1. Montana cattle and domestic bison producers managing within Beaverhead, Madison, Gallatin, and Park Counties (counties in which the DSA is located). In these counties, the rule requires that all female cattle and domestic bison four (4) months of age or older as of January 1<sup>st</sup> are official vaccinates. This class is limited to those producers who do not currently vaccinate their female calves retained for breeding within these counties. Montana DSA producers have the same Official Calfhood Vaccination (OCV) requirements as all other producers within these counties.

### **Benefitting classes:**

1. Montana DSA associated producers managing cattle and domestic bison: This class benefits from the rule through availability of funds for testing that will be required regardless of a state administrated DSA. At the end of calendar year 2010, 234 producers owning approximately 42,000 cattle and domestic bison, are known to manage within the DSA, either seasonally grazing or managed year-round. DSA producers incur some costs from brucellosis testing of their cattle or domestic bison for herd surveillance, movement out of the DSA and change of ownership. The rule facilitates reimbursement for veterinary costs as well as handling costs.

Additionally, these producers benefit from the Montana DSA regulations for movement and change of ownership requirements by having a consistent set of regulations for sale and movement of their cattle and domestic bison. Through testing, DSA producers provide assurance of the brucellosis free status of their cattle and domestic bison to buyers. These regulations also currently allow for funds for brucellosis surveillance of their herds.

2. Montana cattle producers outside of the DSA: This class owns the remaining 1,438,000 (1,480,000 State wide minus 42,000 DSA) cows and heifers that have calved (source: NASS, Jan 1, 2010). These producers benefit from the lack of brucellosis testing regulations as required for a Class A state or as imposed by individual importing states.
3. Veterinarians associated with the DSA: This class benefits through increased work load and therefore income generated by DSA testing and vaccination.
4. States and producers receiving Montana cattle: This class benefits from the assurance of brucellosis free cattle and domestic bison through testing. An additional benefit is a higher percentage of brucellosis vaccinated animals available for purchase.

2(b) A description of the probable economic impact of the proposed rule, including but not limited to providers of services under contracts with the state and affected small businesses, and quantifying, to the extent practicable, that impact;

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#### Probable impact on cost bearing class

1. Impact on Montana cattle and domestic bison producers managing within Beaverhead, Madison, Gallatin, and Park Counties (counties in which the DSA is located) bear some additional cost with a county wide vaccination requirement. DSA producer cattle and domestic bison included.

**OCV:** In these four counties there are approximately 155,700 cows, including 154,700 cows and heifers that have calved (source: Montana 2010 Agricultural Statistics) and 1000 dairy cows (source: Department of Livestock (DOL) risk surveys). Assuming a 15% replacement rate, 23,355 heifers should be calfhood vaccinated to comply with the ARM. If 70.5% of replacement heifers are currently vaccinated (source: USDA-APHIS, Montana Brucellosis Program Pre-Class Free Review, April 2009) then 6890 additional heifers must be vaccinated to comply. If the cost associated with vaccination is \$5.50 per head; the additional cost would be \$37,893 (table 1) for the producers in the four counties.

The \$37,895 includes \$10,222 necessary to vaccinate DSA replacement heifers not in compliance. Replacement heifer OCV percentage within the DSA is likely higher than the state average; therefore the impact on DSA producers is likely lower.

Table 1	
Estimated Cost of OCV Beaverhead, Gallatin, Madison and Park Counties	
Number of cows and heifers that have calved	154,700
Number of Dairy cows	1,000
Total	155,700
Assumed 15% replacement rate (.15 x 155,700)	23,355
Number of replacement females remaining to be OCV if 29.5% are not currently vaccinated (70.5% are currently vaccinated) (.295 x 23,355)	6,890
Estimated Total at \$5.50 per head (\$5.50 x 6,890 head)	\$37,893.49

#### Probable impact on beneficiaries

1. Benefits to Montana DSA associated producers managing cattle and domestic bison

**Testing:** DSA associated brucellosis tests are currently reimbursed at \$7.50 - \$12.00 per test for veterinary costs and \$2.00 per head for handling. There is therefore a net benefit of \$9.50-\$14.00 per head. The total testing and Adult Vaccination (AV) benefit for this class is \$255,000 per year (See Appendix C & D). Without a DSA in Montana, brucellosis testing (potentially throughout Montana) would be required for this class by the federal government (due to Class A state requirements), or by importing states.

**Other benefits:** Producers are empowered to make decisions that may prevent the introduction of disease into their cattle herds through brucellosis testing as well as working with DOL on best management practices. The assurance of the sale of disease free cattle helps DSA producers with marketing of their cattle interstate as well as intrastate. The rule also provides for consistent regulations of interstate export of cattle and domestic bison by receiving states.

## 2. Benefits to Montana cattle and domestic bison producers outside of the DSA

**Testing:** Without a DSA in Montana, brucellosis testing would likely be required due to class A State status or by importing states without any cost reimbursement to any Montana producers. An estimate of cost, to Montana producers due to a downgrade in state class status, ranges from \$5.9 to \$11.9 million. Minus the cost of the DSA implementation of \$431,000, the benefit to this class would be \$5.5 to \$11.5 million (Table 2).

Table 2		
Range of Montana Producer Benefit		
USDA estimate of Class A Downgrade per year (cost per head tested \$7.50-\$15.00)	\$5,900,000	\$11,900,000
Annual cost of DSA	\$431,000	\$431,000
Annual Benefit	<b>\$5,469,000</b>	<b>\$11,469,000</b>

## 3. Benefits to Montana veterinarians performing testing and vaccination associated with the DSA

See Appendix E.

**Testing:** Montana veterinarians that perform DSA associated testing receive reimbursements to cover testing costs such as laboratory fees, shipping costs, supplies and labor. Currently, 26 Veterinary practices employing 34 veterinarians complete the majority of the DSA surveillance testing. Of these, 13 practices and 16 veterinarians (including market veterinarians) most commonly submit reimbursement requests. Projected veterinary cost reimbursements for DSA associated testing for fiscal years 2012 and 2013 are \$206,050 and \$252,950 respectively.

**OCV:** As previously discussed under impact on cost bearing classes, the total reimbursement to veterinarians paid by producers to vaccinate replacement heifers that otherwise would not have been vaccinated is estimated to be \$37,893.

**Adult Vaccination (AV):** In 2010, 821 animals were adult vaccinated against brucellosis. DSA associated AV is reimbursed at \$7.50 per head. DOL expects the number of adult animals vaccinated to increase over the next 2 years. The gross reimbursements to veterinarians are estimated for fiscal year 2012 and 2013 to be \$7,500 and \$13,500 respectively for AV.

## 4. Benefits to producers receiving Montana cattle or domestic bison

**Testing:** Buyers of Montana cattle or domestic bison benefit from the assurance that Montana has regulations meant to prevent the movement of infected cattle and domestic bison out of the state. Such assurance can only benefit Montana livestock producers state wide as well as those within the DSA.

2(c) The probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenue;

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The DOL cost of implementation of the DSA ARM is estimated to be \$431,000 per year for fiscal year 2012 and fiscal year 2013. Of the \$431,000 per year, \$215,000 will be needed in general fund dollars each year.

See Appendix C and D:



## 2(d) An analysis comparing the costs and benefits of the proposed rule to the costs and benefits of inaction;

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### **Action:**

The implementation of the DSA rule saves the State of Montana producers approximately \$5.5 to \$11.5 million per year (see Table 3). In addition, DSA producers receive reimbursement for testing that would be necessary regardless of the ARM.

The cost in general fund dollars is estimated to be approximately \$215,000 for fiscal year 2012 and 2013.

### **Inaction:**

Inaction would likely cost Montana producers \$5.9 to 11.9 million per year based on class status downgrade estimates. This estimate is described in the Federal Register p51354 / Vol. 73, No. 171 / Wednesday, September 3, 2008 / Rules and Regulations: "In 2001, about 818,000 head of cattle (excluding ones destined for immediate slaughter) were moved out of Montana to 22 other States, with the majority shipped to Colorado, Iowa, Kansas, Minnesota, South Dakota and Wyoming. These cattle represented about one-third of Montana's total 2001 cattle inventory. Assuming that a similar percentage currently moves interstate (other than for immediate slaughter or to quarantined feedlots), the estimated direct industry cost to Montana livestock operations of the State's reclassification from Class Free to Class A could range between approximately \$6 million and \$12 million per year<sup>4</sup>."

<sup>4</sup> (2.4 million head) (0.33) (\$7.50 per head) = \$5.9million. (2.4 million head)(0.33)(\$15.00 per head) = \$11.9 million.

Without a DSA, as described and enforced by the State of Montana, and regardless of state class status, receiving states will impose inconsistent and varying test requirements on Montana's exported cattle and domestic bison. In 2008 following Montana's downgrade to Class A, Washington, North Dakota, Nebraska, Kansas and others adopted specific and varying test requirements for Montana cattle and domestic bison. A Minnesota testing requirement change is a more recent example; prior to the development of Draft ARM, for import, the state of Minnesota required testing of all sexually intact cattle 6 months of age and older within 30 days if the animals originated from Beaverhead, Madison, Gallatin, Park, Carbon, Stillwater and Sweet Grass Counties. Minnesota has recently adopted Montana's rules in the ARM, accepting Montana's continued surveillance and mitigation efforts.

Following Montana's downgrade in state class status to Class A in 2008 \$2.3 million dollars of general fund dollars was needed to regain Class Free status. These funds were utilized for DOL administration of the Brucellosis Action Plan (BAP) and for producer reimbursement of testing associated with the downgrade. Not included in reimbursements were other veterinary fees and associated costs. Only those producers that applied for compensation were reimbursed. It is assumed that many producers did not apply.

## 2(e) An analysis that determines whether there are less costly or less intrusive methods for achieving the purpose of the proposed rule:

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1. DOL considered the Market Cattle Identification (MCI) testing program (slaughter testing) alone, and felt that slaughter testing alone is insufficient to protect the state's producers from the possible spread of brucellosis within their own herd, statewide or to other states. Since the year 2000, Wyoming found 8 affected herds, Montana found 3 affected herds, and Idaho found 4 affected herds for a total of 15 herds. 8 of these detections took place in the last three years, and only one of these (Idaho) was found by MCI. Additionally, slaughter testing alone, does not provide enough assurance to exporting states to prevent requirements and would still put Montana's class status at risk.

Brucellosis surveillance in livestock will continue at some level as long as there is a risk of transmission from wildlife to cattle and domestic bison. The MCI program will continue to be an important tool for brucellosis surveillance; however, slaughter testing alone does not prevent the movement of infected animals. Additionally, once a positive animal is finally detected at slaughter, the prevalence of brucellosis within the source herd is often higher than if the affected herd is found through herd testing or change of ownership. Therefore, this method does not protect Montana's livestock industry.

2. DOL considered maintaining requirements as listed in official order 10-01-D (see Appendix F, G & H) which required annual whole herd testing, change of ownership and movement testing, individual identification as well as mandatory OCV of all females. This method was considered however, through industry input and comment the annual whole herd testing requirement was removed. Additionally, some changes were made to the OCV regulations to allow for calves to move to low risk areas without OCV.
3. The least intrusive and costly method is reflected in the ARM (See Appendix B, C, D, G & H). This method removes the annual whole herd testing requirement while continuing change of ownership, and movement testing. DSA producers still have the option of whole herd testing. The ARM still provides buyers of Montana cattle and domestic bison disease free assurance while continuing livestock brucellosis surveillance. The ARM also fulfills the USDA interim rule requirement for a disease management area which then prevents a loss of Class Free Status. In so doing, the rule prevents unnecessary testing requirements on the vast majority of Montana cattle and domestic bison managed in low risk areas.

## 2(f) An analysis of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;

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Continuation of the official order 10-01-D with only minor changes was the initial method considered. Included in the first draft of the ARM were testing at change of ownership, movement, and slaughter as well as annual entire herd testing. Entire herd testing is a protection for the producer as it allows for early detection of the disease within a herd. If a brucellosis positive animal remains in a herd for one or more calving (or abortion) seasons, other animals in the herd may become infected. Without early detection of even a single positive animal through whole herd testing, a marked increase in herd seroprevalence may result. For example: Wyoming does not require entire herd testing. In 2010 two brucellosis positive animals were detected with a change of ownership test. Once the index herd was found and tested, an additional 18 of 250 animals were found to be infected. Entire herd testing would likely have removed the initial positive animal(s) earlier and prevented this high herd infection rate.

However, following public comment on the initial draft rule, the requirement for annual entire herd testing was removed.

The initial draft rule also required that all females 4-12 months of age sold to remain in Montana must be official calfhood vaccinates. Following public comment the requirement was changed to read; "All sexually intact female cattle and domestic bison four (4) months of age or older as of January 1<sup>st</sup> of any year must be an Official Calfhood Vaccinate (OCV) within the entirety of counties in which the DSA is located. Females not vaccinated may become official adult vaccinates". This allows heifer calves to be sold into low risk areas of Montana or to other states without being vaccinated. Only sexually intact females remaining in or entering the counties in which the DSA is located must be vaccinated. This change will improve the immunity of female cattle residing in and around the DSA. Additionally, females moving to low risk areas in other portions of the state or remaining in slaughter channels out of state will are not required to be vaccinated.

Additionally, veterinary costs for brucellosis testing are now reimbursed on a sliding scale based on the number of animals tested. Tests are reimbursed at \$12.00 per head (1-10 animals), \$10 per head (11-50 samples) and \$7.50 per sample (51 or more animals tested).

The above changes save the department an estimated \$96,000 and \$172,000 for Fiscal Years 2012 and 2013 respectively (see Appendix C, D, and G, H).

## 2(g) A determination as to whether the proposed rule represents an efficient allocation of public and private resources; and

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The rule does represent an efficient allocation of public and private resources for the reasons stated earlier in this document. The DOL created the DSA to protect all producers in the state, including those in the DSA.

- 1) Brucellosis surveillance on livestock will continue into the foreseeable future. Testing requirements will either be administered by the state of Montana, states receiving Montana cattle and domestic bison and/or by the Federal government. Without a disease management area such as Montana's DSA;
  - a) State brucellosis class free status is in jeopardy.
  - b) Regardless of state class status downgrade, inconsistent and variable (among states) testing requirements will still be imposed on cattle owned by a larger population of producers as well as those associated with the DSA.
  - c) Funds for test associated costs would not be available to any of Montana's producers.
- 2) The rule, as written and administered by the State of Montana prevents the downgrade of State status. In so doing:
  - a) Millions of Montana producer and taxpayer dollars are saved.
  - b) Montana's livestock industry remains viable.

## 2(h) A quantification or description of the data upon which subsections (2)(a) through (2)(g) are based and an explanation of how the data was gathered.

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This document was based on data gathered from sources such as Montana 2010 Agricultural Statistics, the USDA federal register, DOL data including test data and budget data from calendar year 2010. DSA specific data was gathered from Brucellosis Action Plan, Livestock Producer Survey-Greater Yellowstone Area, Herd Plan data, producer and veterinarian interviews as well as personal and professional experience.

State Class status downgrade cost: p. 51354 Federal Register / Vol. 73, No. 171 / Wednesday, September 3, 2008 / Rules and Regulations

Livestock numbers; United States Department of Agriculture- National Agriculture Statistics Service (NASS) for the state of Montana

Official Calfhood Vaccination:

Livestock numbers: NASS

OCV percentage: Montana Brucellosis Program Pre-Class Free Review conducted by USDA-APHIS April 2009.

Testing data:

DSA associated testing was based on reimbursement numbers from DOL and DOL centralized services division, based on calendar year 2010.

State wide producer cost data: p. 51354 Federal Register / Vol. 73, No. 171 / Wednesday, September 3, 2008 / Rules and Regulations. And NASS

Adult Vaccination (AV):

DSA associated AV: based on veterinarian requests to AV as well as veterinarian reimbursement requests.

DOL budget- employee compensation: DOL centralized services division.

# Montana State Senate



**SENATOR DEBBY BARRETT**  
SENATE DISTRICT 36

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*The Big Sky Country*

Montana Board of Livestock  
Christian Mackay, Executive Officer  
301 N. Roberts  
P.O. Box 202001  
Helena, Montana 59620-2001

December 8, 2010

Dear Mr. Mackay,

This letter is to inform the Montana Board of Livestock that, since the proposed rule for the designated surveillance area came too late to be reviewed by the Economic Affairs Interim Committee in September of 2010, in accordance to MCA 2-4-405, fifteen Legislators have requested the Board of Livestock prepare a statement of the economic impact for the rule as proposed.

The Legislators are requesting the statement must include (a) through (h) of 2-4-405 (2).

Upon completion of the Economic Impact Statement, the Board of Livestock will then provide a copy to either the House Agriculture Committee or the Senate Agriculture, Livestock, and Irrigation Standing committee, or both.

The Chairs of both Standing Committees will be expecting the Economic Impact Statement before the end of March, 2011.

Respectfully submitted,

A handwritten signature in cursive script that reads "Debby Barrett".  
Senator Debby Barrett

Cc: Senator Jim Keane, Chair of the Economic Affairs Interim Committee  
Senator Don Steinbeisser, Chair of Senate Agriculture, Livestock, and Irrigation  
Representative Krayton Kerns, Chair of House Agriculture

Appendix A (page 2 of 3)

Memo

To: Department of Livestock/Board of Livestock

From: The Legislators on this List, which may include newly elected legislators

Re: Proposed rule for designated surveillance area: New Rules I through V pertaining to the designated surveillance area and penalties, MAR Notice No. 32-10-214, of October 28, 2010, pp. 2487 – 2491.

The following legislators request, pursuant to 2-4-405, MCA, an economic impact statement of the Proposed New Rules I through V pertaining to the designated surveillance area and penalties. As noted in the statute, 2-4-405, "The agency shall also prepare a statement upon receipt by the agency...made by at least 15 legislators." The agency may give a copy of the request to either the House Agriculture Committee or the Senate Agriculture, Livestock, and Irrigation standing committees.

Contrary to the statement in the MAR Notice No. 32-10-214, the legislators believe there is an economic impact that the department must address.

1. Dubby Barrett
2. Rick Rydley
3. Bob DeGunn
4. Harry Klock
5. Steve Bahr
6. Diana DeGunn
7. Grou DeGunn
8. Roy H. H. H. H.
9. Jeffrey H.
10. James Brogan
- Jim H.

11. [Signature]
12. Dave Lewis
13. Gary Vachon
14. Mike Miller
15. Don Roberts
16. Tom Berry
17. Nates 25th Dist
18. Charles H.
19. Keith Heger
20. Jimmy Bennett

2-4-405. Economic impact statement. (1) Upon written request of the appropriate administrative rule review committee based upon the affirmative request of a majority of the members of the committee at an open meeting, an agency shall prepare a statement of the economic impact of the adoption, amendment, or repeal of a rule as proposed. The agency shall also prepare a statement upon receipt by the agency or the committee of a written request for a statement made by at least 15 legislators. If the request is received by the committee, the committee shall give the agency a copy of the request, and if the request is received by the agency, the agency shall give the committee a copy of the request. As an alternative, the committee may, by

## Appendix A (page 3 of 3)

contract, prepare the estimate.

2) Except to the extent that the request expressly waives any one or more of the following, the requested statement must include and the statement prepared by the committee may include:

(a) a description of the classes of persons who will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;

(b) a description of the probable economic impact of the proposed rule upon affected classes of persons, including but not limited to providers of services under contracts with the state and affected small businesses, and quantifying, to the extent practicable, that impact;

(c) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenue;

(d) an analysis comparing the costs and benefits of the proposed rule to the costs and benefits of inaction;

(e) an analysis that determines whether there are less costly or less intrusive methods for achieving the purpose of the proposed rule;

(f) an analysis of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;

(g) a determination as to whether the proposed rule represents an efficient allocation of public and private resources; and

(h) a quantification or description of the data upon which subsections (2)(a) through (2)(g) are based and an explanation of how the data was gathered.

(3) A request to an agency for a statement or a decision to contract for the preparation of a statement must be made prior to the final agency action on the rule. The statement must be filed with the appropriate administrative rule review committee within 3 months of the request or decision. A request or decision for an economic impact statement may be withdrawn at any time.

(4) Upon receipt of an impact statement, the committee shall determine the sufficiency of the statement. If the committee determines that the statement is insufficient, the committee may return it to the agency or other person who prepared the statement and request that corrections or amendments be made. If the committee determines that the statement is sufficient, a notice, including a summary of the statement and indicating where a copy of the statement may be obtained, must be filed with the secretary of state for publication in the register by the agency preparing the statement or by the committee, if the statement is prepared under contract by the committee, and must be mailed to persons who have registered advance notice of the agency's rulemaking proceedings.

(5) This section does not apply to rulemaking pursuant to 2-4-303.

(6) The final adoption, amendment, or repeal of a rule is not subject to challenge in any court as a result of the inaccuracy or inadequacy of a statement required under this section.

(7) An environmental impact statement prepared pursuant to 75-1-201 that includes an analysis of the factors listed in this section satisfies the provisions of this section.



DSA associated ARMs  
As submitted to the Montana Secretary of State  
(Subject to formatting changes)

New rules (DSA) 433 - 437 *draft replacement pages 133-135*  
DISEASE CONTROL 32.3.435

32.3.431 REMOVAL OF HERD QUARANTINE RETEST AND RECORD KEEPING AFTER QUARANTINE REMOVAL (REPEALED) (History: 81-2-102, 81-2-103, MCA; IMP, 81-2-102, MCA; Eff. 12/31/72; EMERG, AMD, Eff. 11/4/75; AMD, 1990 MAR p. 1082, Eff. 2/28/80; AMD, 1988 MAR p. 85, Eff. 1/15/88; REP, 1996 MAR p. 1864, Eff. 7/4/96.)

32.3.432 CLEANING AND DISINFECTING (REPEALED) (History: 81-2-102, 81-2-103, MCA; IMP, 81-2-102, MCA; Eff. 12/31/72; EMERG, AMD, Eff. 11/4/75; REP, 1996 MAR p. 1864, Eff. 7/4/96.)

32.3.433 DESIGNATED SURVEILLANCE AREA (1) The designated surveillance area (DSA) of Montana is described as:

- (a) Park County – south of Interstate 90;
- (b) Gallatin County – south of Interstate 90 from Park-Gallatin County line to Bozeman, then south of Highway 84 from Bozeman to Gallatin-Madison County line;
- (c) Madison County – south of Highway 84 from Gallatin-Madison County line to Norris, then east of U.S. Highway 287 from Norris to Ennis, then south of State Highway 287 from Ennis to Alder, then east of State Rd. 357 (Upper Ruby Road - becomes Centennial Divide Road) to Madison-Beaverhead County line; and
- (d) Beaverhead County – from Madison-Beaverhead County line, east of Forest Route 100 (becomes Road 204 - Gravelly Range Road), continuing east of 204 to Stibel Lane (Road 202) - south of South Valley Rd. (State Road 509) approximately 1 mile, then east of Price Peet Rd. (Road 207) running south to the Montana/Idaho border. (History: 81-2-102, 81-2-103, 81-2-104, MCA; IMP: 81-2-101, 81-2-102, 81-2-103, 81-2-104, 81-2-105, 81-2-110, 81-2-111, MCA; NEW, MAR 2011 Issue No. 1, p. , Eff. 2/11/11.)

32.3.434 ANIMAL IDENTIFICATION WITHIN THE DSA (1) All sexually intact cattle and domestic bison 12 months of age and older within the DSA must be identified with official individual identification. (History: 81-2-102, 81-2-103, 81-2-104, MCA; IMP, 81-2-101, 81-2-102, 81-2-103, 81-2-104, 81-2-105, 81-2-110, 81-2-111, MCA; NEW, MAR 2011 Issue No. 1, p. , Eff. 2/11/11.)

32.3.435 TESTING WITHIN THE DSA (1) The following official brucellosis test requirements apply to all test eligible animals that are or have been located within the DSA boundaries of any calendar year.

- (a) A test within 30 days prior to movement out of the DSA or change of ownership, unless that movement is to an approved Montana livestock market or directly to a slaughter facility that will test upon arrival.

ADMINISTRATIVE RULES OF MONTANA 3/31/11 32-133  
32.3.436 LIVESTOCK

## Appendix B (page 2 of 2)

(2) A test completed July 16 or after is acceptable for movement out of the DSA or change of ownership through February 15 of the following year.

(3) Other variances or exceptions to requirements will be considered on an individual basis by the administrator based on a brucellosis surveillance herd management plan.

(History: 81-2-102, 81-2-103, 81-2-104, MCA; IMP: 81-2-101, 81-2-102, 81-2-103, 81-2-104, 81-2-105, 81-2-110, 81-2-111, MCA; NEW, MAR 2011 Issue No. -, p. -, Eff. 2/11/11.)

**32.3.436 VACCINATION WITHIN THE COUNTIES IN WHICH THE DSA IS LOCATED** (1) Within the entirety of counties in which the DSA is located all sexually intact female cattle and domestic bison that are four months of age or older as of January 1 of any year must be Official Calfhood Vaccinates (OCV).

(a) Female cattle or domestic bison that are not OCV eligible may become Official Adult Vaccinates (AV).

(b) Variances or exceptions to requirements will be considered on an individual basis by the administrator. (History: 81-2-102, 81-2-103, 81-2-104, MCA ; IMP, 81-2-101, 81-2-102, 81-2-103, 81-2-104, 81-2-105, 81-2-110, 81-2-111, MCA; NEW, MAR 2011 Issue No. -, p. -, Eff. 2/11/11.)

**32.3.437 PENALTIES** (1) Persons found to be in violation of rules or laws relating to brucellosis may be guilty of a misdemeanor as described in 81-2-113, MCA; and

(a) subject to departmental expenses regarding the investigation if a violation of law has taken place, as defined in 81-2-109, MCA. (History: 81-2-102, 81-2-103, 81-2-104, MCA; IMP, 81-2-101, 81-2-102, 81-2-103, 81-2-104, 81-2-105, 81-2-109, 81-2-110, 81-2-111, 81-2-113, 81-2-114, MCA; NEW, MAR 2011 Issue No. -, p. -, Eff. 2/11/11.)

Rules 32.3.438 and 32.3.439 reserved

## Appendix C

### Estimated DSA Ongoing Cost for FY 2012 (per ARM)

FY 2012

Personal Services: 1 vet and 1 program specialist for the entire fiscal year and 0.50 lab tech

<b>1100</b>			
1 Vet @ \$33.65/hr x 2080 =			\$90,709.63
1 Program Specialist @ \$16.50/hr x 2080=			\$44,478.72
0.50 Lab Tech @ 16.68/hr x 1040 w/benefits =			\$22,481.97
<b>Personal Services Total</b>			<b>\$157,670.32</b>
<b>2200</b>			
Fuel 1 Vet 30,000 miles			\$5,957.00
Minor Tools & Equip			\$1,250.00
<b>Supplies Total</b>			<b>\$7,207.00</b>
<b>2300</b>			
Postage			\$300.00
Cell Phone \$40 x 12 months			\$480.00
Internet (\$80 x 3) x 12 months			\$2,880.00
<b>Communication total</b>			<b>\$3,660.00</b>
<b>2400</b>			
In State Meals \$23 x 104 meals			\$2,392.00
In State Lodging \$94.50 x 1dpw x 52wks			\$4,914.00
<b>Travel Total</b>			<b>\$7,306.00</b>
<b>Total 1100,2200,2300,2400</b>			<b>\$175,843.32</b>
	Estimated # of Animals	Cost per Animal	
<b>Herd Testing "on ranch" entire herd</b>	15,000	\$9.50	\$142,500.00
<b>tests</b> , estimates are based on herds tested in	600	\$12.00	\$7,200.00
calendar year 2010 (77) (avg herd size tested of	100	\$14.00	\$1,400.00
125 hd)	<b>On Ranch Testing Total</b>		<b>\$151,100.00</b>
<b>Change of ownership (market testing)</b>	2,500	\$8.50	\$21,250.00
based on reimbursement requests from calendar			
year 2010. Animals included in a herd test may			
have been moved or sold on that test and			
therefore did not require a test at market.			
(\$1.00/head to the markets for chute fee)			
<b>Movement/Sale ("on ranch" testing)</b> of	6,600	9.50	\$62,700.00
the approximate 42000 head DSA inventory	700	12.00	\$8,400.00
(includes cohort <b>movement</b> and may include	300	14.00	\$4,200.00
some <b>change of ownership</b> testing)	<b>Movement/Sale testing Total</b>		<b>\$75,300.00</b>
<b>Adult Vaccination</b> optional but encouraged	1,000	7.50	\$7,500.00
(estimated to double each year). 821 animals were			
Adult Vaccinated in calendar year 2010. More are			
expected due to regulation changes.			
<b>Test and AV Total:</b>			<b>\$255,150.00</b>
<b>Total for FY 2012</b>			<b>\$430,993.32</b>

## Appendix D

### Estimated DSA Ongoing Cost for FY 2013 (per ARM)

FY 2013

Personal Services: 1 vet and 1 program specialist for the entire fiscal year and 0.50 lab tech

<b>1100</b>			
	1 Vet @ \$33.65/hr x 2080 =		\$90,709.63
	1 Program Specialist @ \$16.50/hr x 2080=		\$44,478.72
	0.50 Lab Tech @ 16.68/hr x 1040 w/benefits =		\$22,481.97
	<b>Personal Services Total</b>		<b>\$157,670.32</b>
<b>2200</b>			
	Fuel 1 Vet 30,000 miles		\$5,957.00
	Minor Tools & Equip		\$1,250.00
	<b>Supplies Total</b>		<b>\$7,207.00</b>
<b>2300</b>			
	Postage		\$300.00
	Cell Phone \$40 x 12 months		\$480.00
	Internet (\$80 x 3) x 12 months		\$2,880.00
	<b>Communication Total</b>		<b>\$3,660.00</b>
<b>2400</b>			
	In State Meals \$23 x 104 meals		\$2,392.00
	In State Lodging \$94.50 x 1 dpw x 52		\$4,914.00
	<b>Travel Total</b>		<b>\$7,306.00</b>
	<b>Total 1100,2200,2300,2400</b>		<b>\$175,843.32</b>
	Estimated # of Animals	Cost per Animal	
<b>Herd Testing "on ranch" entire herd</b>	14,000	9.50	\$133,000.00
<b>tests</b> , based on herds tested in calendar year	700	12.00	\$8,400.00
2010 (expected slight decrease due to herds on a	100	14.00	\$1,400.00
3 year test cycle)	<b>On Ranch Herd Testing Total</b>		<b>\$142,800.00</b>
<b>Change of ownership (market testing):</b>	2,500	8.50	\$21,250.00
based on reimbursement requests from 2010.			
animals included in a herd test may have been			
moved or sold on this test and therefore did not			
require a test at market.			
<b>Movement/Sale ("on ranch" testing) of</b>	7,000	9.50	\$66,500.00
the approximate 42000 head DSA inventory	600	12.00	\$7,200.00
(includes cohort <b>movement</b> and may include	300	14.00	\$4,200.00
some <b>change of ownership</b> testing)	<b>Movement/Sale testing Total</b>		<b>\$77,900.00</b>
<b>Adult Vaccination</b> optional but encouraged	1,800	7.50	\$13,500.00
(estimated to increase from previous year)			
	<b>Testing and AV Total:</b>		<b>\$255,450.00</b>
	<b>Total for FY 2013</b>		<b>\$431,293.32</b>

## Appendix E

### Veterinarian Reimbursements-Ongoing Cost for FY 2012

FY 2012

	Estimated # of Animals	Cost per Animal	
<b>Herd Testing "on ranch" entire herd tests,</b> based on herds tested in calendar year 2010 (77) (avg herd size tested of 125 hd)	15,000	\$7.50	\$112,500.00
	600	\$10.00	\$6,000.00
	100	\$12.00	\$1,200.00
	<b>On Ranch Testing Total</b>		<b>\$119,700.00</b>
 <b>Change of ownership (market testing)</b> based on reimbursement requests from calendar year 2010. Animals included in a herd test may have been moved or sold on that test and therefore did not require a test at market.	2,500	\$7.50	<b>\$18,750.00</b>
 <b>Movement/Sale ("on ranch" testing)</b> of the approximate 42000 head DSA inventory (includes cohort <b>movement</b> and may include some <b>change of ownership</b> testing)	6,600	7.50	\$49,500.00
	700	10.00	\$7,000.00
	300	12.00	\$3,600.00
	<b>Movement/Sale testing Total</b>		<b>\$60,100.00</b>
	<b>Testing Total</b>		<b>\$198,550.00</b>
 <b>Adult Vaccination</b> optional but encouraged (estimated to double each year). 821 animals were Adult Vaccinated in calendar year 2010. More are expected due to regulation changes.	1,000	7.50	<b>\$7,500.00</b>
<b>FY 2012 Veterinarian Reimbursement Total</b>			<b>\$206,050.00</b>

### Veterinarian Reimbursements-Ongoing Cost for FY 2013

FY 2013

	Estimated # of Animals	Cost per Animal	
<b>Entire Herd Testing "on ranch" entire herd tests,</b> based on herds tested in calendar year 2010 (expected slight decrease due to herds on a 3 year test cycle)	14,000	9.50	\$133,000.00
	700	12.00	\$8,400.00
	100	14.00	\$1,400.00
	<b>On Ranch Herd Testing Total</b>		<b>\$142,800.00</b>
 <b>Change of ownership (market testing):</b> based on reimbursement requests from 2010. animals included in a herd test may have been moved or sold on this test and therefore did not require a test at market.	2,500	7.50	<b>\$18,750.00</b>
 <b>Movement/Sale ("on ranch" testing)</b> of the approximate 42000 head DSA inventory (includes cohort <b>movement</b> and may include some <b>change of ownership</b> testing)	7,000	9.50	\$66,500.00
	600	12.00	\$7,200.00
	300	14.00	\$4,200.00
	<b>Movement/Sale testing Total</b>		<b>\$77,900.00</b>
	<b>Testing Total</b>		<b>\$239,450.00</b>
 <b>Adult Vaccination</b> optional but encouraged (estimated to double from previous year)	1,800	7.50	<b>\$13,500.00</b>
<b>FY 2013 Veterinarian Reimbursement Total</b>			<b>\$252,950.00</b>

## Appendix F (page 1 of 3)

DEPARTMENT OF LIVESTOCK  
ANIMAL HEALTH DIVISION  
OFFICIAL ORDER NO. 10-01-D

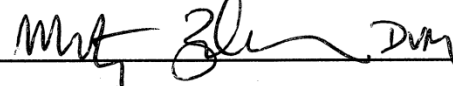
DATE: January 13, 2010

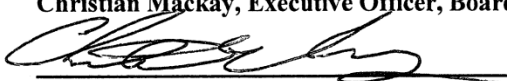
DATE EFFECTIVE: January 13, 2010

DATE OF BOARD APPROVAL: January 13, 2010

SUBJECT: Surveillance Requirements for Brucellosis and Establishing a Designated Surveillance Area

STATUTORY AUTHORIZATION: 81-1-301(1), 81-2-103, 81-2-102(1)(d), Montana Code Annotated § 32.3.103, 32.3.104, 32.3.105, 32.3.111, 32.3.116, Administrative Rules of Montana

ORDERED BY: Martin A. Zaluski, State Veterinarian  


REVIEWED BY: Christian Mackay, Executive Officer, Board of Livestock  


### ORDER

Brucellosis infected wild ungulates including elk and bison pose a real and continuing risk of transmission of *Brucella abortus* to livestock in Montana. Surveillance for brucellosis in livestock in the high risk area has been successful in detecting previous transmissions. It is imperative that surveillance and risk mitigation activities including brucellosis vaccination continue in this area to rapidly detect disease and to enable the continued marketability of Montana's livestock.

I. Livestock producers operating within the counties of Beaverhead, Madison, Gallatin, Park, Sweet Grass, Stillwater and Carbon Counties who have not submitted a Operation Specific Risk Survey to the Montana Department of Livestock or completed a whole herd brucellosis test since January 1, 2009 shall:

- A. Brucellosis test cattle within 30 days prior to change of ownership.
- B. Exceptions/variances:
  - 1. Steers and spayed heifers do not need to be tested.
  - 2. Animals moving to an approved Montana Livestock Market may be tested on arrival.
  - 3. Animals moving directly to slaughter.

II. Livestock producers operating within any part of Beaverhead, Gallatin, Madison or Park Counties shall:

- A. Officially Calfhood Vaccinate (OCV) all eligible animals (intact, female cattle and domestic bison 4-12 months of age) prior to change of ownership. Unvaccinated OCV eligible animals may:
  - 1. Become official calfhood vaccinates at ranch of origin, OR
  - 2. Become official calfhood vaccinates at a Montana approved livestock market, OR

## Appendix F (page 2 of 3)

3. Be moved under quarantine to a final destination in Montana and remain under quarantine until officially calfhood vaccinated within thirty (30) days with written approval of the Montana State Veterinarian.
  4. Be sold to a state that accepts non OCV animals
- B. Female cattle or domestic bison that are not OCV eligible may become official adult vaccinates (AV) following a negative brucellosis test with written permission from the Montana State Veterinarian.

### III. For Livestock producers in the following geographical area which shall be known as the Designated Surveillance Area (DSA) shown by the map (Appendix A) and described as,

- **Park County** – south of Interstate-90.
- **Gallatin County** – south of Interstate-90 from Park-Gallatin county line to Bozeman, then south of Hwy 84 from Bozeman to Gallatin-Madison County line.
- **Madison County** – south of Hwy 84 from Gallatin-Madison County line to Norris, then east of US Hwy 287 from Norris to Ennis, then south of State Hwy 287 from Ennis to Alder, then east of State Rd 357 (Upper Ruby Road – becomes Forest Route 100) to Madison-Beaverhead county line.
- **Beaverhead County** – from Madison-Beaverhead county line, east of Forest Route 100 (becomes Road 204 - Gravelly Range Road), continuing east of 204 to Stibel Lane (Road 202) - south of State Road 509 (approximately 1 mile), then east of Road 207 running south to the Montana/Idaho border.

#### The following requirements will apply.

- A. Testing of age eligible animals (12 months or older sexually intact male and female cattle)
1. Annual whole herd brucellosis testing of all sexually intact cattle or domestic bison.
  2. Brucellosis test within 30 days prior to movement out of the DSA.
  3. Brucellosis test within 30 days prior to change of ownership.
  4. Exceptions/variances:
    - a. Steers and spayed heifers do not need to be tested.
    - b. Animals moving to an approved Montana Livestock Market may be tested on arrival.
    - c. Animals moving directly to slaughter.
    - d. Testing completed after July 15<sup>th</sup>, is accepted until February 15<sup>th</sup> of the following year (seven months).
    - e. Other variances or exceptions to requirements will be considered on an individual basis by the Montana State Veterinarian or his designee based on an official herd plan.
- B. Individual animal identification
1. Official identification of sexually intact cattle or domestic bison 12 months-of-age and older prior to sale/change of ownership or permanent movement outside DSA.
  2. Identification options
    - a. OCV eartags (orange metal, or orange RFID)
    - b. USDA, or USDA approved eartags (metal clips or RFID) or other identification approved by the state veterinarian.

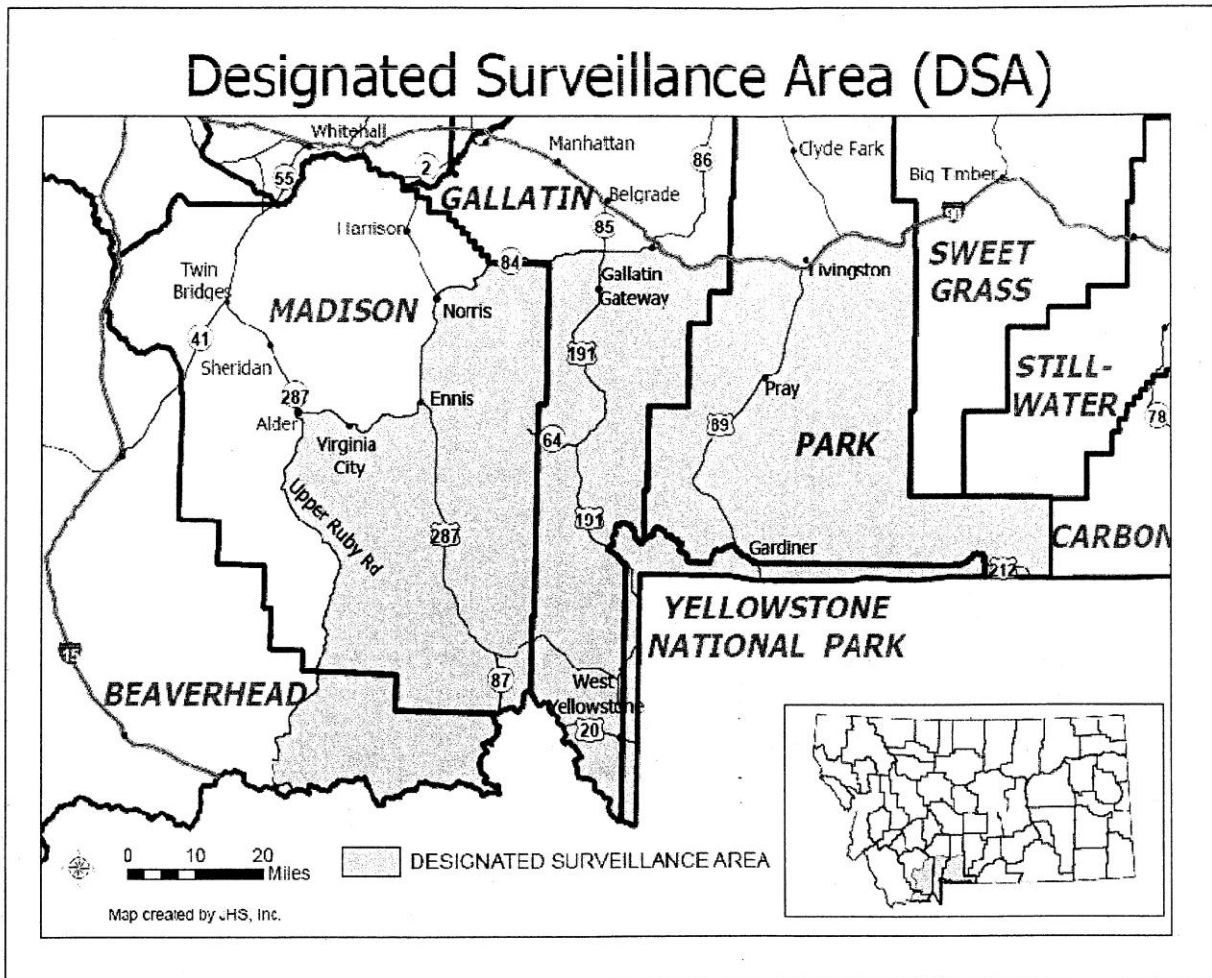
#### ADDITIONAL:

##### This Official Order:

- Rescinds Official Order 09-01-D; Brucellosis Requirements for Brucellosis Action Plan, and,
- Is subject to annual review by the Montana Board of Livestock.
- Is not valid without signatures of the Executive Officer of the Board of Livestock and the Montana State Veterinarian.

## Appendix F (page 3 of 3)

APPENDIX A: Map of the Designated Surveillance Area





## Appendix G

### Estimated DSA Ongoing Cost for FY 2012 (per official order 10-01-D)

FY 2012

Personal Services: 1 vet and 1 program specialist for the entire fiscal year and 0.50 lab tech

#### 1100 Salaries w/benefits

1 Vet @ \$33.65/hr x 2080 =	\$90,709.63
1 Program Specialist @ \$16.50/hr x 2080=	\$44,478.72
0.50 Lab Tech @ 16.68/hr x 1040 w/benefits =	22,481.97

<b>Personal Services Total</b>	<b>\$157,670.32</b>
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#### 2200 Supplies and Materials

Fuel 1 Vet 30,000 miles	\$5,957.00
Minor Tools & Equip	\$1,250.00
<b>Supplies Total</b>	<b>\$7,207.00</b>

#### 2300 Communications

Postage	\$300.00
Cell Phone \$40 x 12 months	\$480.00
Internet (\$80 x 3) x 12 months	\$2,880.00
<b>Communication total</b>	<b>\$3,660.00</b>

#### 2400 Travel

In State Meals \$23 x 104 meals	\$2,392.00
In State Lodging \$94.50 x 1dpw x 52wks	\$4,914.00
<b>Travel Total</b>	<b>\$7,306.00</b>

<b>Total 1100,2200,2300,2400</b>	<b>\$175,843.32</b>
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	Estimated # of Animals	Cost per Animal	
<b>DSA Ongoing Herd Testing</b> based on 22600 required to test with or without herd plans (some testing is represented in market and movement testing)	21,300	12.00	<b>\$255,600.00</b>

<b>Cull cow/export testing (market testing)</b> based on calendar year 2010 and assumed 1/2 of these were animals from herd tests	2,600	8.50	<b>\$22,100.00</b>
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<b>Movement Testing</b> based calendar year 2010	5,500	12.00	<b>\$66,000.00</b>
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<b>Adult Vaccination</b> optional but encouraged (estimated to increase each year due to regulation changes)	1,000	7.50	<b>\$7,500.00</b>
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<b>Testing and AV Total:</b>	<b>\$351,200.00</b>
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<b><u>Ongoing with Herd Testing Total for FY 2012</u></b>	<b><u>\$527,043.32</u></b>
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## Appendix H

### Estimated DSA Ongoing Cost for FY 2013 (per official order 10-01-D)

FY 2013

Personal Services: 1 vet and 1 program specialist for the entire fiscal year and 0.50 lab tech

#### 1100 Salaries w/benefits (29.6%)

1 Vet @ \$33.65/hr x 2080 =	\$90,709.63
1 Program Specialist @ \$16.50/hr x 2080=	\$44,478.72
0.50 Lab Tech @ 16.68/hr x 1040 w/benefits =	22,481.97

<b>Personal Services Total</b>	<b>\$157,670.32</b>
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#### 2200 Supplies and Materials

Fuel 1 Vet 30,000 miles	\$5,957.00
Minor Tools & Equip	\$1,250.00
<b>Supplies Total</b>	<b>\$7,207.00</b>

#### 2300 Communications

Postage	\$300.00
Cell Phone \$40 x 12 months	\$480.00
Internet (\$80 x 3) x 12 months	\$2,880.00
<b>Communication total</b>	<b>\$3,660.00</b>

#### 2400 Travel

In State Meals \$23 x 104 meals	\$2,392.00
In State Lodging \$94.50 x 1 dpw x 52	\$4,914.00
<b>Travel Total</b>	<b>\$7,306.00</b>

<b>Total 1100,2200,2300,2400</b>	<b>\$175,843.32</b>
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	Estimated # of Animals	Cost per Animal	
<b>DSA Ongoing Herd Testing</b> based on 28500 required to test with or without herd plans (some testing is represented in market and movement testing)	27,200	12.00	\$326,400.00
<b>Cull cow/export testing (market testing)</b> based on calendar year 2010 and assumed 1/2 of these were animals from herd tests	2,600	8.50	\$22,100.00
<b>Movement Testing</b> based on calendar year 2010	5,500	12.00	\$66,000.00
<b>Adult Vaccination</b> optional but encouraged (estimate a significant increase each year + a 3 year herd AV cycle)	1,800	7.50	\$13,500.00
<b>Testing and AV Total:</b>			<b>\$428,000.00</b>

<b><u>Ongoing with Herd Testing Total for FY 2013</u></b>	<b><u>\$603,063.32</u></b>
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